

COMMISSION ON STATE MANDATES

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July 31, 2013

Mr. Omar Dadabhoy
Deputy Executive Director
Stanton Housing Authority
7800 Katella Avenue
Stanton, CA 90680

Ms. Elizabeth W. Hull
Best Best & Krieger LLP
18101 Von Karman Avenue, Suite 1000
Irvine, CA 92612

**Re: Notice of Complete Test Claim Filing, Schedule for Comments, and
Request for Additional Information**

Housing Successor Agency, 12-TC-03
Health and Safety Code Sections 34176;
Statutes 2011-12, First Extraordinary Session, Chapter 5 9ABX1 260;
Statutes 2012, Chapter 26, (AB 1484)
Stanton Housing Authority, Claimant

Dear Mr. Dadabhoy and Ms. Hull:

On June 28, 2013, the Stanton Housing Authority (Housing Authority) filed a test claim on the above-named matter with the Commission on State Mandates (Commission). On July 8, 2013, Commission staff deemed this matter incomplete and requested additional information regarding claimant eligibility. On July 22, 2013, the claimant representative responded. Upon further review, Commission staff finds the test claim to be complete, notwithstanding the fact that, at this point, it is unclear whether the Commission has jurisdiction over this claim since the claimant's eligibility to claim for state-mandated costs has not been established. In order to be eligible to claim reimbursement for state mandated costs, a claimant must be both: 1) a local agency; and 2) subject to the tax and spend limitations of articles XIII A and B of the California Constitution.

Thus, the Commission is now requesting state agencies and interested parties to comment on the test claim as specified below.

Comments are Requested on the Following Issues:

Standing:

The City of Stanton Resolution 2012-03 as well as the minutes of public meetings held between January 2012 and July 2013 indicate substantial interrelation of personnel and operations, from which it could be inferred that the Housing Authority is a department of the City of Stanton (City). Conversely, the claimant's response to Commission staff's initial denial of completeness states that the Housing Authority "is an independent public entity created by statute."¹ Further complicating matters, Section 34240 of the Health and Safety Code has been interpreted in some contexts to mean that a Housing Authority is created by state law, and is a state agency operating

¹ Stanton Housing Authority Response to Notice of Incomplete Filing [citing Health and Safety Code sections 34203; 34240 ("In each county and city *there is a public body* corporate and politic known as the housing authority of the county of city.")].

under state law and for state objectives.² Thus, it is unclear whether the Housing Authority is dependent or independent from the City and whether it is a state or local agency for mandates purposes.

In addition, Commission staff has identified provisions within the redevelopment dissolution statutes which suggest that successor agencies may be subject to the revenue and spending limits of articles XIII A and XIII B of the California Constitution, and therefore may be eligible claimants before the Commission, even though the redevelopment agencies that preceded them were exempt from articles XIII A and XIII B and thus ineligible to claim reimbursement.³

However, Commission staff has also observed that City of Stanton Resolution 2012-03 does not make clear whether the City itself, or the Housing Authority, or both, have elected to be the successor agency for the Stanton Redevelopment Agency; nor which entity, if indeed the entities are separate, will perform the enforceable obligations of the dissolved redevelopment agency and incur the alleged costs. As a result, the following questions arise:

- Is the Housing Authority a state or a local agency?
- Is the Housing Authority a department of the City or an independent special district or joint powers authority? Does the Resolution assign both the assets and liabilities of the former Stanton Redevelopment Agency to a single entity, or are the City and the Housing Authority one and the same?
- Is the Housing Authority subject to the tax and spend limitations of articles XIII A and B of the California Constitution?

Mandate Issue:

- Do the test claim statutes impose a new program or higher level of service within an existing program upon local entities within the meaning of section 6, article XIII B of the California Constitution and costs mandated by the state pursuant to section 17514 of the Government Code?
- Does Government Code section 17556 preclude the Commission from finding that any of the test claim provisions impose costs mandated by the state?
- Have funds been appropriated for this program (e.g., state budget) or are there any other sources of funding available? If so, please specify where the appropriation may be found.

² *Housing Authority of City of Los Angeles v. City of Los Angeles* (1952) 38 Cal.2d 853, at pp. 861-862 [“housing authority was thereby created as a state agency...and is not an agent of the city in which it functions”]. See also *Housing Authority of City of Needles v. City Council of City of Needles* (Cal. Ct. App 1962) 208 Cal.App.2d 599, at p. 605 [“There is no doubt that the city council, while functioning pursuant to the Housing Authorities Law, is an agency of the State functioning under the law to fulfill State purposes.”].

³ See Health and Safety Code section 34182 (Stats. 2011-2012, 1st Ex. Sess., ch. 5 (ABX1 26); Stats. 2012, ch. 26 (AB 1484)). See also *Redevelopment Agency of San Marcos v. Commission on State Mandates* (1997) 55 Cal.App.4th 976; *City of El Monte v. Commission on State Mandates* (2000) 83 Cal.App.4th 266.

- Health and Safety Code section 34173(e) states: "The liability of any successor agency, acting pursuant to the powers granted under the act adding this part, shall be limited to the extent of the total sum of property tax revenues it receives pursuant to this part and the value of assets transferred to it as a successor agency for a dissolved redevelopment agency." Does this provision mean that all obligations of a dissolved agency assumed by a successor agency are mandated only to the extent of funding, and that therefore no increased costs may be found?

Request for State Agency Review of Test Claim and Comments from the Claimant and State Agencies on the Questions Posed Above

State agencies receiving this letter are requested to analyze the merits of the test claim. State agencies and the claimant are requested to file written comments on or before **August 30, 2013**, including responses to the questions posed above. Please provide citations to applicable statutory and case law to support your conclusions regarding the above questions. State agencies that choose not to respond to this request are asked to submit a written statement of non-response to the Commission. Requests for extensions of time may be filed in accordance with sections 1183.01(c) and 1181.1(h) of the Commission's regulations (Tit. 2 CCR,).

Rebuttal and Additional Briefing Requested

The claimant and interested parties may file rebuttals to state agencies' comments under section 1183.03 of the Commission's regulations. State Agencies may also rebut any claimant comments submitted by **August 30, 2013** on the above questions. All rebuttal comments are due 30 days from the service date of written comments, but no later than **September 30, 2013**.

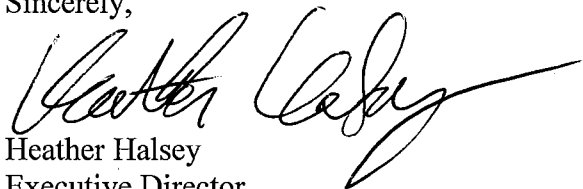
Process for Filing Comments

The Commission has promulgated a mailing list of parties, interested parties, and interested persons for this test claim and will provide the list to those included on the list, and to any person who requests a copy.

You are advised that comments filed by hard copy with the Commission are required to be simultaneously served on the other interested parties on the mailing list, and to be accompanied by a proof of service. However, this requirement may also be satisfied by electronically filing your documents on the Commission's website. For instructions on electronic filing, please see the Commission's website at http://www.csm.ca.gov/dropbox_procedures.shtml. The comments will be posted on the Commission's website and the mailing list will be notified by electronic mail of the posting and the comment period. This procedure will satisfy all the service requirements under California Code of Regulations, title 2, section 1181.2.

Please call Heidi Palchik at (916) 323-3562 if you have any questions.

Sincerely,



Heather Halsey
Executive Director

